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E.O. 12958: N/A

TAGS: KMDR KPAO OPRC CI

SUBJECT: MEDIA REACTION - MIDEAST - PA ELECTIONS, HAMAS VICTORY

On February 5, conservative, influential "El Mercurio" (circ. 102,000) ran an editorial entitled "The change from 'terrorist group' to government." Quote:

"The international pressure for Hamas to redefine itself is formidable. The U.S., the European Union and Israel have already threatened to cut off financial aid if the NPA does not renounce violence ... and Hamas has responded that in that case it would seek the support of Arab nations. Cutting off financial aid and ordering additional sanctions is the wrong path ... Countries taking part in the mediation process should try to reactivate the peace process and find a way -- once Hamas has agreed to renounce violence -- to move toward the creation of an independent Palestinian state."

KELLY